



# Legislative Finance Committee Hearing – FY17 Budget Request

December 7, 2015



# FY17 Appropriation Request

## ■ Base Budget Request

### Requested General Fund Increases

- **Irrigation Works Construction Fund (IWCF) Balance Depletion**
  - Request includes \$3 million to reduce depletion rate of IWCF
- **Restore Los Lunas Silvery Minnow Refugium Payroll Costs**
  - Request to restore \$300 thousand base funding appropriated from Game Protection Fund in 2015 Session and subsequently vetoed.
- **Water Resource Allocation Program Payroll Costs**
  - Request includes \$500 thousand to fund projected payroll costs for base positions within the Water Resource Allocation Program.

## IRRIGATION WORKS CONSTRUCTION FUND (IWCF) – FUND BALANCE PROJECTIONS

### Scenario: No Reduction of IWCF

	Estimate FY15	PROJECTED FY16-18		
		FY16	FY17	FY18
<b>BEGINNING BALANCE</b>	\$17,774,740	\$15,207,006	\$8,963,806	\$2,720,606
<i>REVENUE</i>	\$7,489,734	\$7,485,000	\$7,485,000	\$7,485,000
<i>EXPENDITURES</i>	\$10,057,468	\$13,728,200	\$13,728,200	\$13,728,200
<b>NET CHANGE FUND BALANCE</b>	(\$2,567,734)	(\$6,243,200)	(\$6,243,200)	(\$6,243,200)
<b>ENDING BALANCE</b>	\$15,207,006	\$8,963,806	\$2,720,606	(\$3,522,594)

### Scenario: \$3 million Replacement of IWCF

	Estimate FY15	PROJECTED FY16-18		
		FY16	FY17	FY18
<b>BEGINNING BALANCE</b>	\$17,774,740	\$15,207,006	\$8,963,806	\$5,729,306
<i>REVENUE</i>	\$7,489,734	\$7,485,000	\$7,510,000	\$7,510,000
<i>EXPENDITURES</i>	\$10,057,468	\$13,728,200	\$10,719,500	\$10,719,500
<b>NET CHANGE FUND BALANCE</b>	(\$2,567,734)	(\$6,243,200)	(\$3,234,500)	(\$3,234,500)
<b>ENDING BALANCE</b>	\$15,207,006	\$8,963,806	\$5,729,306	\$2,494,806

Note: Without reduction in use of IWCF the fund is projected to be depleted in FY18. If reduced by requested level of \$3 million, the balance is projected to be depleted in FY19.



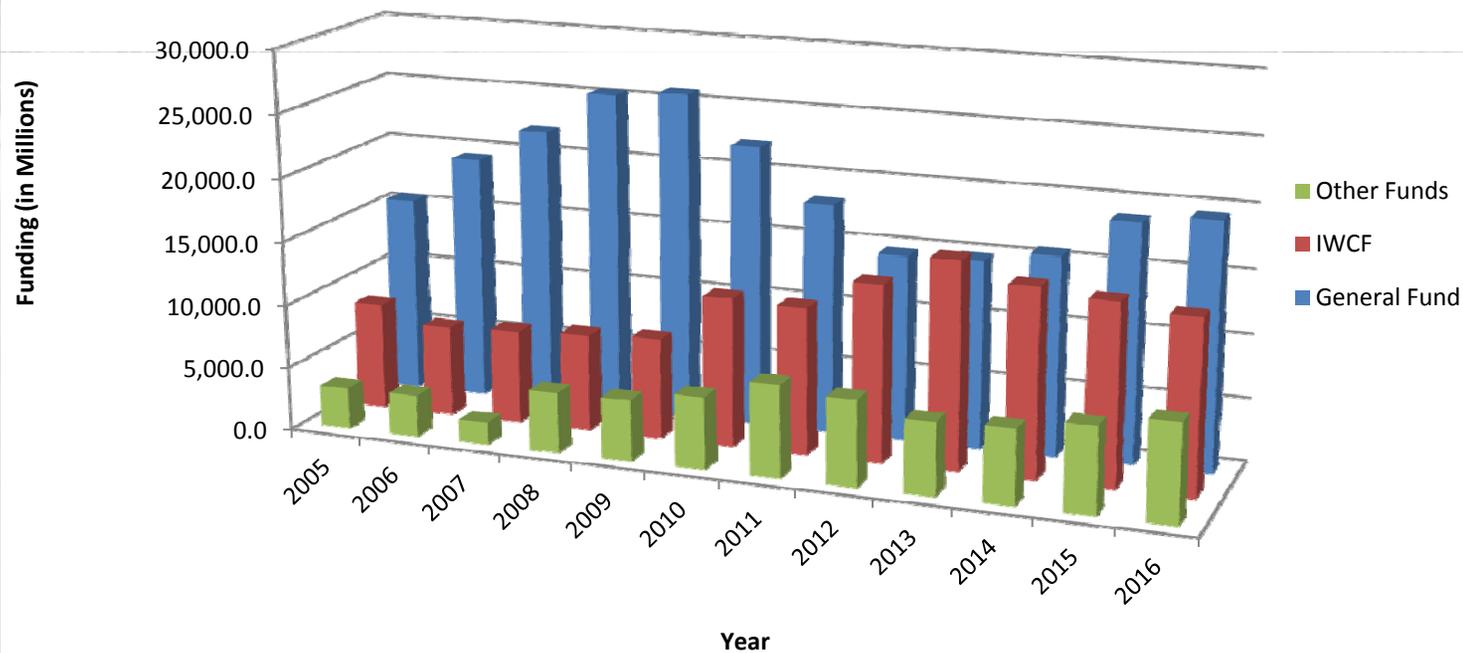
# Irrigation Works Construction Fund Balance Projections





# OSE/ISC Budget Composition

## OSE/ISC Operating Budget





# Vacancy Summary

	Vacant Positions	Positions in Progress	Percent of Positions in Progress	Authorized Positions	Vacancy Percentage Rate
<b>Program Support</b>	10	2	20.0%	47	21.28%
<b>Litigation &amp; Adjudications Program</b>	19	14	73.6%	71	26.7%
<b>Water Resource Allocation Program</b>	16	13	81.3%	185	8.6%
<b>Interstate Stream Commission</b>	9	5	55.5%	49	18.4%
<b>Agency Total</b>	<b>54</b>	<b>34</b>	<b>63.0%</b>	<b>352</b>	<b>15.3%</b>



# Status of New Positions Authorized for FY16

## Water Resource Allocation Program – 7 Positions

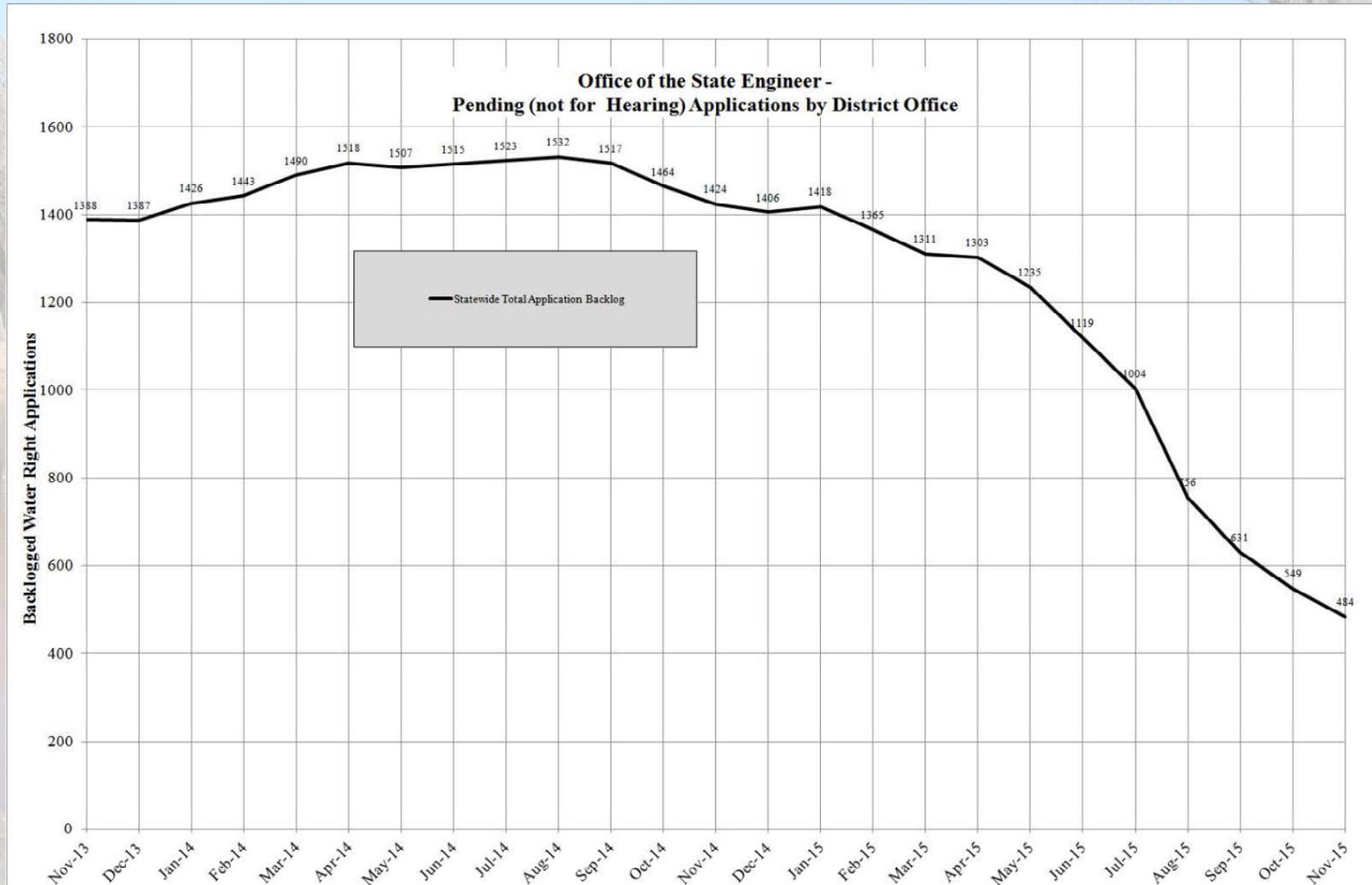
Office/Bureau	Position	Current Status
Santa Fe	Engineer Specialist A/O NL-A	Filled
Santa Fe	Engineer Specialist A/O NL-Supv	Filled
Aztec	Engineer Specialist A/O NL-O	Filled
Hydrology	Engineer Specialist A/O NL-Supv	Scheduling Interviews
Albuquerque	Engineer Specialist A/O NL-B	Filled
Albuquerque	Engineer Specialist A/O NL-B	Filled
Deming	Engineer Specialist A/O NL-O	Filled

## Information Technology Services Bureau – 4 Positions

Office/Bureau	Position	Current Status
Information Technology	IT Technical Support Spec 2	Filled
Information Technology	Management Analyst -O	Filled
Information Technology	IT Applications Developer 2	Pending program
Information Technology	IT Applications Developer 2	Pending program



# OSE Applications Backlog





# Special Appropriation Request - Litigation

**The Interstate Stream Commission has submitted a \$3 million Special Appropriation Request for water litigation.**

## ***Texas v. New Mexico and Colorado, No. 141 Original***

- Third year of interstate litigation before the United States Supreme Court (USSC)
- Special Master heard oral argument in August 2015



# Special Appropriation Request – Litigation cont.

## ***Texas v. New Mexico and Colorado, No. 141*** ***Original cont.***

- Technical & legal expertise required
- Specific areas of expert contract support include:
  - Hydrology (ground and surface water modeling)
  - Crop evapotranspiration
  - Satellite imagery
  - Agriculture economics
  - Land use
  - Legal expertise in Reclamation
  - State and Federal water law, and interstate compact litigation



# Special Appropriation Request – Litigation cont.

## ***New Mexico v. Salazar***-US District Court **District of NM**

- Suit filed in 2011; Stayed pending USSC decision
  - 2008 Operating Agreement
  - Illegal release of NM's Rio Grande Compact credit water
  - Case stayed pending outcome of original action

# **Economic Impact to New Mexico**

**Estimated Current and Future Economic Losses if NM  
does not prevail in Lower Rio Grande lawsuits**





# Special Appropriation Request – Litigation cont.

## Pecos River Litigation

### *Specific Funding Needs-Pecos River Litigation*

- Ongoing administrative litigation before State Engineer
- Litigation requires retention of multiple technical experts and outside counsel
- ISC's Pecos Settlement water rights transfers challenged
- Outcome may impact Pecos Settlement and Pecos River Compact compliance



# Special Appropriation Request – Litigation cont.

## **Threatened Litigation on Middle Rio Grande**

- Specific Funding Needs-Threatened Litigation on Middle Rio Grande
- Endangered Species Act lawsuit against USBOR and US Army Corps of Engineers



# Special Appropriation Request - Ground Water Sustainability Studies

**The Office of the State Engineer has submitted a \$2 million special appropriation request to characterize and quantify fresh and brackish groundwater resources in prioritized groundwater basins around the state.**



## Special Appropriation Request - Ground Water Sustainability Studies cont.

- **Problem:** New Mexico is highly dependent on groundwater resources to support the state's population and economy. Aquifer depletion is occurring in some parts of the state (e.g., High Plains, Lower Rio Grande), and there is considerable interest in alternative water sources such as brackish groundwater. There is a significant public need to better understand the state's fresh and brackish groundwater resources to support economic vitality and public health and safety.
- **Benefits:** Studies will be targeted at developing information and tools to improve the understanding of the amount of wet water available to support existing groundwater rights. Current monetary appropriations are adequate only for maintaining existing monitoring networks and updating existing models. This request will support the development of improved models that will allow more rapid and accurate determination of groundwater availability, impairment and surface water impacts.



## Special Appropriation Request - Ground Water Sustainability Studies cont.

- **Consequences of not funding this request:** Groundwater resource administration, management and planning will continue under the current state of knowledge, which is inadequate in many areas, resulting in delays and direct fiscal impacts to water rights applicants and others. Brackish groundwater characterization will not proceed with sufficient pace to efficiently serve anticipated resource development.
- **Performance:** Better characterization of groundwater resources will improve agency performance in water rights administration, resource management, and planning. Groundwater models developed for water rights administration will increase agency efficiency, reducing costs for applicants and other parties. These same models will also support other agency resource management and planning uses.